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FIRST REGIONAL COOPERATION FRAMEWORK FOR THE ARAB STATES (1997-2001)

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INTRODUCTION

1. The first regional cooperation framework (RCF) for the Arab States was based on the results of policy dialogues within the region, an analysis of its development trends and needs, and consultations with the UNDP resident representatives in the Arab States. It was shared in draft form with the Arab States of the region, major Arab funds and banks, the Economic Commission for Africa and the Economic and Social Commission for Western Asia (ESCWA), for their review, comments, and, in the case of the Arab States, for their endorsement. Details of all major subprogrammes have been or will be subjected to the scrutiny of intergovernmental meetings before finalization.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. In the 1990s, the average per capita gross domestic product (GDP) of the Arab States stagnated and their terms of trade deteriorated. The low price of oil affected both the oil exporters and the major providers of migrant labour. Countries that began the policy of structural adjustment early tended to perform well. The least developed countries in the region based their economy on slow-growth sectors (e.g., agriculture, mineral extraction). Armed conflict and internal strife contributed to very low or negative GDP growth in several countries. The region's share of the world trade is 4 per cent. Its main trading partner is the European Union (30 per cent of exports and 40 per cent of imports). Seventy-five per cent of its exports are oil and oil-related products. Intraregional trade stands at only 8 per cent. Thus, intraregional labour movements are the primary means of the regional economic integration. The region's dependency on imported cereals rose to 59 per cent of the overall food supply. Throughout the region, the average rate of savings is 19 per cent (11 per cent for the non-oil-based economies). Large financial assets from the region are held abroad, and the inflow of global private investments is marginal (about 3 per cent of global flows). The public sector dominates the production of goods and services. The overall rate of productivity in the region is falling at a rate of 0.2 per cent per year. The rate of energy efficiency has also fallen to about 1.2 kilograms of oil to produce $1 of GDP.

3. The region's population (some 253 million) grows at a rate of 2.8 per cent per year. In many countries, over 50 per cent of the population is below 15 years of age. More than one half of the population live in cities (80 per cent in the Gulf countries). The region's labour force of 76 million has been growing at a rate of 3.3 per cent per year. It is expected to rise to 105 million people by the year 2005. It is common for unemployment to reach 15 per cent of the labour force, with urban and youth unemployment often at the level of 30 per cent. The public sector employs 30 to 60 per cent of the labour force across the region (95 per cent of the national labour force in the Gulf countries).

4. The region spends 2.9 per cent of its gross national product (GNP) on health care and 6.4 per cent on education. Eighty-five per cent of the population has access to health services, 72 per cent to safe water and

59 per cent to sanitation services. The average life expectancy is 62 years. The adult literacy rate is 54 per cent. The combined enrolment ratio stands at 66 per cent for men and at 51 per cent for women. While women are increasingly well-educated, especially in the Gulf countries, they remain constrained in terms of opportunities to use their skills. Women's share of the adult labour force stands at 25 per cent, their share of professional and technical jobs is at 30 per cent, and their share of earned income is at 20 per cent.

5. The level of poverty in the region has increased since 1980 and affects 34 to 38 per cent of the population. The economic slow-down, wars and internal strife are believed to have been the primary contributors to the increase in poverty. More than 10 million people are undernourished in the region. The difficulties of women stand out among the Arab poor: the patterns of intra-family income distribution, unequal access to education and job opportunities, certain aspects of their legal status, and, especially in the rural areas, heavy workloads, make them vulnerable to income disparities.

6. The scarcest natural resources in the region are groundwater, rainfall and arable land. Water availability is estimated at 1,250 cubic metres per person per year. Eight countries consume more than their renewable freshwater supplies. Water rights and especially access to water from the Jordan, Tigris, Euphrates, Litani and Nile Rivers continue to present a potential source of international tension. Soil erosion, deforestation, and loss of biodiversity are acute throughout the region. Air and water pollution have had a negative impact on the quality of life. In 10 years, 160 million people may live in cities where air pollution exceeds World Health Organization standards. Fertilizers, pesticides, untreated municipal and industrial waste water, and seepage from unsanitary and/or toxic landfills contaminate water and soil throughout the region.

II. RESULTS AND LESSONS OF PAST COOPERATION

7. The design of the first RCF was influenced by the results of the 1996 Office for Evaluation and Strategic Planning (OESP) evaluation of global, interregional and regional programmes (Global, Interregional and Regional Programmes: An Evaluation of Impact, published in 1997); the 1996 Regional Bureau for the Arab States (RBAS) evaluation of regional agricultural projects; and the 1996 OESP/RBAS evaluation of public sector management and reform in the Arab States. An analysis of the mandatory regional projects evaluations and an RBAS assessment of sustainability and impact of 16 regional projects also contributed to the design of the programme.

8. The previous RBAS-regional programmes supported institution-building, mainly in the field of agriculture, water, environment, technology, trade and social development. The demonstration-learning approach via the networking of national and intergovernmental institutions supported technical cooperation among developing countries and always gave better results than attempts to create new regional institutions. The networking of national focal points often followed the networking of national institutions, and both proved very successful. Thus, during the period covered by the first RCF, the networking modality will replace attempts to create new regional institutions. The

mechanism of yearly steering committee-cum-tripartite review meetings and the planning of activities and expenditures with the participation of national focal points were identified as major reasons for the success in many projects. However, the involvement of Boards of Trustees in the operational management of projects was tried without much success and will be discontinued. The dynamic sustainability of the regional initiatives hinged most often on the actual application of demonstrated technical solutions in the social and economic life of the member States. Lessons learned point to the need for demand-driven programming as well as the demonstration of technology that is affordable and well-suited to the needs of the countries of the region. Both will constitute important parameters of the first RCF.

9. Previous experience brought positive examples of subregional cooperation. Interest in the substance of an initiative provided the strongest bond for the clustering of countries. Geographic proximity played a role in cases of the management of shared resources. Level of development was the least pronounced factor in subregional cooperation. Stand-alone subregional initiatives and the clustering of interested countries in the framework of region-wide activities will be pursued during the period covered by the first RCF. Experience with national execution by a Government on behalf of other member States or by an intergovernmental institution was mixed. The modality will continue to be applied, subject to careful assessment of the institutional capacity of the prospective governmental or intergovernmental executing organizations.

10. Successful linkages between national and regional projects occurred most often in cases of joint programming at both levels. The approach has been tested with good results through the Mediterranean Environment Technical Assistance Programme (METAP) and will be applied widely under the first RCF.

III. PROPOSED STRATEGY AND THEMATIC AREAS

11. The overall goal of the regional programme will be to enhance the environment for SHD, especially in the area of poverty eradication. Towards this end, the programme will aim at building the capacity of the countries of the region to use resources more efficiently and to interact with the global economy, thereby creating an enabling environment for SHD. The choice of initiatives will be determined by their potential to have a positive impact on (a) the overall efficiency in the use of resources in the region and (b) the creation of optimal conditions for SHD. The effectiveness and impact of UNDP cooperation, particularly in the area of poverty eradication, will be measured by the degree to which interventions contribute to improvement in the operational effectiveness of institutions and systems in the region.

12. Human capabilities are the primary determining factors in efforts to achieve efficient economic growth and create an enabling environment for SHD. The level of these capabilities in turn is determined by the quality and accessibility of life choices and opportunities. As discussed in chapter I above, there are weaknesses in the development situation in the region. Most of them are recognized by the Arab States as development needs and there is a demand for effective solutions to them. Some are less commonly recognized and

therefore require better definition and discussion to build consensus. Regional programme initiatives will attempt to facilitate and to lead such efforts.

13. Accordingly, the programme will focus on region-wide advocacy for SHD, the definition of key development issues that are of interest or concern to a group of countries, the management of shared resources, and the development of common approaches and norms. Based on the needs identified, solutions to development-related problems will be demonstrated and information on lessons learned will be disseminated.

14. Social development and poverty eradication, governance, and protection and management of natural resources constitute the common focus of the country cooperation frameworks (CCFs) in the Arab States. The programmes and projects of the first RCF will add value to national efforts in these areas, by providing a vehicle for the sharing of experiences, testing solutions to problems, providing cost-effective services (e.g., region-wide training), and developing programmatic frameworks for investments and technical assistance.

15. Partnerships with Governments, civil society organizations, the private sector, the media, regional institutions, and external developmental partners will be sought, in order to build social capital at various stages of project design and implementation, identify and strengthen linkages between ongoing and/or planned activities, and pool efforts and resources, including financial resources, in pursuit of common objectives.

A. Building regional capacity for increased efficiency in the use of economic resources and interaction with the global economy

16. The stagnation of the per capita GDP growth rate in the Arab States undercuts national capacities to promote SHD and to eradicate poverty. Turning this situation around involves a difficult transition. The challenge is to manage it in such a way that would establish sustainable institutions and systems that are flexible and can adjust to the present and future challenges and opportunities of the global market.

Support to social and economic reform and multilateral economic cooperation

17. This initiative comes from the realization that while countries in the region decided to reform their societies and economies in order to gain from global financial and trade markets, their institutions need access to quick, focused expertise to participate effectively in those markets. Intergovernmental meetings on the UNDP-supported Economic Integration and Trade Programme were held in Abu Dhabi, the United Arab Emirates, in April 1993, and Sana'a, Yemen, in December 1993, to help to define the needs of the region. Those needs were elaborated further at an intergovernmental meeting held in Geneva, Switzerland, in March 1997. The goal of the initiative is to equip Governments and businesses with the knowledge and skills needed to develop and implement social and economic adjustment policies; advance intra-Arab States trade; and face the demands created by global markets, the World Trade Organization, the emerging European-Arab partnership, and future regional

stabilization. The member States have been offered a pool of resources and a mechanism to trigger technical assistance in response to their national needs in this area. They can also effectively influence the priorities and content of regional cooperation supported by the United Nations Conference on Trade and Development and the International Trade Centre. The Foreign Investment Advisory Service (FIAS) cooperates in aspects of the programme, as does the Arab Trade Financing Programme, within the framework of the Intra-Arab Trade Information Network. The World Intellectual Property Organization will pilot the development of intellectual property systems. The success of the initiative will be measured by the increased ability of the beneficiaries to adapt, through social and economic changes, to the requirements of the global and intraregional markets. Its impact on poverty eradication will be indirect, through increased capacity of the countries in the region to establish more favourable economic links with counties outside of the region, thereby increasing their potential to enlarge GNPs and create jobs.

Support for micro-financing

18. A lack of opportunities to gain access to credit was noted during the Regional Experts Meeting on Poverty Alleviation and Sustainable Livelihoods, held in Damascus, the Syrian Arab Republic, in February 1996, as one of the major constraints for eradication of poverty. Using the global MicroStart approach, the goal of the initiative will be to build the capacity of intermediary national organizations to offer sustainable micro-financing services to borrowers without collateral. The initiative will consist of a pilot phase (feasibility studies and technical assistance to introduce MicroStart in three countries) and a region-wide learning phase, whereby, through the services of a qualified non-governmental organization the country-specific introduction of the MicroStart will be converted into a learning exercise for the whole region. Success will be measured by establishing 15 to 20 sustainable national intermediary micro-financing institutions; the extension of micro-credit and micro-savings to at least 20,000 micro-borrowers; and, heightened regional awareness and capacity in the area of micro-financing. The initiative will focus particularly on the poor, especially poor women, in both rural and urban areas, with the aim of empowering the poor and contributing to poverty eradication.

Support to sustainable provision and use of energy

19. This initiative follows on the recommendations of the Intergovernmental Meeting held in Sana'a, Yemen, in December 1993, and the Meeting of National Focal Points, held in Bahrain, in May 1997. It is directly linked to UNDP global cooperation in the area of increasing energy efficiency. The programme will: (a) promote private sector energy service companies; (b) help to build the capacity of electric utilities for integrated resource planning processes; and (c) explore the sustainable application of renewable energy systems, especially in remote, poor rural areas. Three convenor countries will be responsible for the implementation of these interventions. All countries in the region have been given the option to join one or more of the three cluster groups and to directly influence their activities and management. Success will be measured by the demand for the services of the energy service companies; the number of investment projects that follow the energy audits; the actual use of

integrated resource planning and demand-side management; the production of efficient end-use devices; and the sustainability of rural energy systems. The initiative will have both a direct and an indirect impact on poverty eradication, in terms of providing access to renewable energy systems for the poor (direct impact) and lowering the cost of producing GDPs (indirect impact).

B. Optimizing conditions for human development, with a special focus on poverty eradication

20. In the past 30 years (especially in the first half of that period), the Arab States have achieved spectacular progress in social development, due partly to changing patterns in the distribution of GNP, and partly to changing norms that regulate social and economic life and the implementation of development programmes to address social imbalances and deprivation. The challenge is to plan development in ways that will promote and sustain both human development and economic growth at the quickest pace possible.

Support for governance for social development, with an emphasis on poverty eradication

21. This initiative originates from the Regional Experts Meeting on Poverty Alleviation and Sustainable Livelihoods, held in Damascus, the Syrian Arab Republic, in February 1996. It is closely tied to the UNDP Poverty Strategy Initiative. It will complement country efforts to operationalize anti-poverty strategies and plans of action, as well as build on the experience of national management development programmes and the global Management Development and Governance Programme. Its thrust and content will be debated further during the intergovernmental meeting scheduled to be held in Beirut, Lebanon, by the end of 1997. The goal of the Initiative is to support the development of national strategies and policies and to build the capacity of institutions for efficient social development, with a special focus on poverty eradication. As a logical follow-up to the meeting in Damascus, support will be provided to help countries to reach agreement on national strategic priorities and to develop portfolios of national and regional programmes and projects that would be based on a regional strategy for poverty eradication in the Arab States. In addition, the initiative will build capacity for gender-sensitive collection and analysis of data related to social development; research on selected social issues, especially related to the situation of Arab women; the efficient operation of public and civil society institutions that address programmes for the poor; better targeting of social safety nets; the efficient use of traditional systems and institutions, e.g., the zakat levy and the wakf endowments. An important aspect of these efforts will be the preparation of national human development reports. The capacity of the Centre for Arab Women's Training and Research will play a major role. The success of the initiative will be measured by the raised level of national and regional awareness, knowledge and consensus about the merits of social development and poverty eradication; changes in the patterns of distribution of GNP; implementation of development programmes for the poor; agreement on norms that eliminate inequality and deprivation; and the increased efficiency of social service institutions and systems, especially those targeting the poor. The initiative will contribute directly to poverty eradication.

Support for regional food security

22. This initiative found strong support in Governments' reactions to the outline of the regional programme and will be discussed at an intergovernmental meeting. The concept is based on the results of the sectoral evaluation of regional agricultural projects, the approaches to global food security being developed by UNDP, and lessons learned in other regions. The goal of the initiative will be to develop a multidisciplinary, region-specific policy that will outline the elements of a national food security system, and the programme may pilot selected technical solutions that would constitute such elements. Community participation will be an important ingredient of the initiative. There will be a special focus on disadvantaged groups and especially on women in rural areas. A subregional element of the initiative for the Horn of Africa and countries that are members of the Intergovernmental Authority for Development will be developed and co-financed by RBAS and the Regional Bureau for Africa (RBA), following the recommendations of the Summit Meeting of the Heads of State and Government of Djibouti, Eritrea, Ethiopia, Kenya, Uganda and the Sudan, held in Djibouti, in November 1996, and the Development Assistance Committee Regional Consultations on the Horn of Africa, held in Addis Ababa, Ethiopia, in December 1996. The success of the whole initiative will rest on the actual introduction by the member States of comprehensive food security systems. If successful, the initiative will have a direct impact on poverty eradication, by creating conditions for the increased provision of food as well as income-earning opportunities and social services for the poor, mainly in rural areas.

Support for building the capacity of the Arab workforce for the information-based economy

23. This initiative arises from the realization that the combination of human mind and information technology is replacing the accumulation of physical capital as the main factor of economic growth. It also follows on the global UNDP response to the information revolution. Facing this new challenge will require a strategic policy shift that will lead to increased quality and outreach of education and training, a massive introduction of information technology into economic and social processes and the establishment of telecommunications at a globally competitive level in terms of quality of service and cost. The initiative will be discussed in an intergovernmental meeting. Its overall goal will be to develop a region-wide and country-specific strategy and plan of action, supported by national and regional investment portfolios and capacity-building projects. The success of the initiative will be measured by the recognition by policy makers of the consequences of the combined impact of globalization and information technology and an increase in the amount of resources directed towards preparing the Arab workforce for the information-based economy of the future. Its impact on poverty eradication will be both indirect (averting the disabling effect of global changes on GNPs) and direct (broader access to quality education and training and the generation of high-quality, well-paying jobs in national economies).

Support for the sustainable management of natural resources, with a special focus on water

24. This initiative has subregional and region-wide dimensions. At the subregional level, support will be provided for the Mediterranean Environment Technical Assistance Programme (METAP), following a series of meetings between METAP partners, i.e., the World Bank, the European Investment Bank, the European Union and UNDP (RBAS, the Regional Bureau for Europe and the Commonwealth of Independent States Capacity 21), as well as recommendations of the Meeting of the National Focal Points, held in Belek, Turkey, in September 1995. Its goals will be to: (a) build capacity for environment management, especially in arresting pollution and establishing integrated water and coastal resources management; (b) develop performance indicators and milestones in environmental management; (c) promote eco-efficiency through public-private partnerships; and (d) provide technical support to the Mediterranean Networks. A joint World Bank/European Investment Bank/UNDP regional facility in Cairo, Egypt, for the development of investment and capacity-building projects will be part of the operation. An important reference point for the facility will be the network of the existing national Capacity 21 activities. Another subregional initiative, co-financed with RBA, will follow up on the Nile River Basin Action Plan, approved at the Ministerial Meeting held in Arusha, United Republic of Tanzania, in February 1995. Support will be provided for the efforts of the Nile River Basin countries to define a framework of cooperation for joint integrated water resources planning and management. Finally, at the regional level, the initiative will draw on the experience of the two above-mentioned subregional programmes and expand efforts in strategy development and capacity-building for management of water resources. In this regard, linkages will be established with the plans and capacities of the World Bank, the Arab Organization for Agricultural Development and ESCWA. The goal will be to pool the substantial body of practical experience and knowledge in the region and convert it into sustainable national strategies and policies. The success of the whole initiative will be measured by its contribution to arresting the negative trends in water and air pollution as well as water availability. Some aspects of the initiative may be measured by the sustainability of the negotiated cooperation agreements and solutions. The initiative will have direct effect on GDP and quality of life in the region, and as such, indirectly, on poverty eradication.

IV. MANAGEMENT ARRANGEMENTS

25. RBAS will retain the functions of partnership-building, programming, financial management and resource mobilization. Policy analysis and support for programme formulation and design will be provided by UNDP at the central level. The system of delegation of responsibility for supervision of the implementation of regional programmes to the Principal Project Resident Representatives will be expanded and, as a rule, will apply to all regional programmes/projects.

26. Provisions for coordination, monitoring, evaluation, review and reporting procedures will be made part of every project/programme document and will be adhered to closely. All programmes and projects will contain specific benchmarks and success indicators to enable proper monitoring and evaluation of impact. A database and system for monitoring the achievement of the respective

success criteria of all initiatives will be established, to be used as a corrective mechanism in the course of regional programme implementation.

27. Resource mobilization will be an important part and the logical result of partnership-building around regional programme activities. The Bureau will make every effort to draw financial and technical contributions from traditional and non-traditional donors within and outside of the region, as well as from UNDP-administered funds. Once established, the UNDP Arab Fund for Poverty Eradication, apart from financing national initiatives, will also become an important source of co-financing the regional anti-poverty initiatives.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR THE ARAB STATES (1997-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	3 657	
Line 1.2	38 285	
SPPD/STS	891	
Subtotal	42 833	
NON-CORE FUNDS		
Government cost-sharing	-	
Sustainable development funds of which: Nile initiative METAP	11 000 10 000 1 000	
Third-party cost-sharing	11 630	4 630 confirmed from various sources. Anticipated: 2 000 for METAP from the World Bank; 3 000 for the energy programme from AFESD; and 2 000 for the Arab Poverty Fund.
Funds, trust funds and other	-	
Subtotal	22 630	
GRAND TOTAL	65 463	

Abbreviations: AFESD = Arab Fund for Economic and Social Development; GEF = Global Environment Facility; IPF = indicative planning figure; METAP = Mediterranean Environmental Technical Assistance Programme; SPPD = support for policy and programme development; and STS = support for technical services.